

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 28, 2010
POSITION: Oppose

BILL NUMBER: AB 2514
AUTHOR: N. Skinner
RELATED BILLS: AB 44 (Blakeslee)

BILL SUMMARY: Energy Storage Systems

This bill requires the California Public Utilities Commission (PUC) to open a rulemaking process to establish renewable energy storage procurement targets for each investor-owned utility (IOU). The bill requires the PUC to adopt energy procurement targets to be achieved by each electrical corporation by January 1, 2015, and a second target to be achieved by January 1, 2020.

Additionally, the bill would require the governing boards of each publicly-owned utility (POU) to initiate a process to establish procurement targets for viable and cost-effective energy storage systems. The bill requires the POU governing boards to adopt energy procurement targets to be achieved by each electrical corporation by January 1, 2015, and a second target to be achieved by January 1, 2020. The POUs would report on the energy storage procurement targets to the California Energy Commission (Energy Commission).

FISCAL SUMMARY

The cost to the PUC to comply with this bill is estimated to be \$1.53 million PUC Utilities Reimbursement Account and 13.0 full-time positions. Finance does not necessarily concur with this estimate. We note that any request for additional resources would be evaluated in the annual budget development process.

The Energy Commission indicates the cost associated with developing data regulations is minor and absorbable.

COMMENTS

Finance is opposed to this bill because it would result in significant additional costs to ratepayers. Additionally, we question whether energy storage technology has been developed to the point where establishing achievable procurement targets is practical. This bill may be premature.

California uses fossil fuel-burning power plants, as well as coal-fired power imported from other states, to help meet its growing demand for daytime peak power. Wider scale deployment of cost-effective energy storage will enable California to rely more on stored renewable energy and thereby reduce the use of fossil fuel-fired peaking power plants.

The bill would do the following:

- Require the PUC to open a proceeding to set energy storage procurement targets for the IOUs.
- Require the Energy Commission to require governing boards of POUs to initiate a process to establish energy storage procurement targets.

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Analyst/Principal (0621) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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AUTHOR

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COMMENTS (Continued)

- Require the PUC and POU governing boards to reevaluate the energy storage procurement targets every three years.
- Require POUs to report to the Energy Commission to report on energy storage procurement targets and any modifications to the targets.
- Require the PUC, in adopting energy storage system procurement targets, to consider existing results of testing and pilot projects from existing energy storage facilities, to consider information provided by the California Independent System Operator, and to consider the integration of energy storage technologies with other programs.
- Require the PUC to ensure that the energy storage systems procurement targets are technologically viable and cost-effective.

This bill is similar to AB 44 (Blakelee) which would establish incentives for energy storage systems.

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
3360/Energy Comm	SO	No		-----	No/Minor	Fiscal Impact	-----		0465
8660/PUC	SO	No	C	\$765	C	\$1,530	C	\$1,530	0462
<u>Fund Code</u>	<u>Title</u>								
0462	Publ Utilities Comm Utilities Reimb Acct								
0465	Energy Resources Programs Account								